

SUMMARY OF MAJOR PROVISIONS (CONT'D)

	ATLANTIC	PACIFIC
Termination Provisions	<ul style="list-style-type: none"> ▶ If agreement is terminated by either party for any reason and Chesapeake enters into an agreement for a conversion or merger within two years following termination, Chesapeake would pay Atlantic a 4.0% termination fee ▶ Chesapeake has fiduciary out subject to Atlantic's right to match competing proposal ▶ Agreement may be terminated by either party if transaction is not consummated before 18 month anniversary 	<ul style="list-style-type: none"> ▶ Chesapeake would pay Pacific a \$37.5 million termination fee if the agreement is terminated by (i) Chesapeake for a superior proposal; or (ii) Pacific because Chesapeake has breached the agreement and Chesapeake enters into an agreement within 12 months following termination ▶ Chesapeake has fiduciary out subject to Pacific's right to match competing proposal ▶ Agreement may be terminated by either party if transaction is not consummated before 3 year anniversary
Board Representation	<ul style="list-style-type: none"> ▶ Five Directors in a total of [17] on holding-company board ▶ Atlantic has indicated that it will transition Chesapeake's existing board members to local advisory boards 	<ul style="list-style-type: none"> ▶ One Director in a total of 9 on holding-company ▶ Pacific has indicated their intention to invite each current Chesapeake board member to serve an initial two-year term on an advisory board

OCC 016296

SUMMARY OF MAJOR PROVISIONS (CONT'D)

	ATLANTIC	PACIFIC
Management	<ul style="list-style-type: none"> ▶ Atlantic's Board of Directors has purportedly indicated that Tom Snead must remain CEO of the corporate holding company and retain ultimate operational control ▶ Bill Jews would become Chairman of Atlantic's Board of Directors ▶ Although originally suggested that Bill Jews would retain operational control of the existing Chesapeake business and Tom Snead would retain operational control of the existing Atlantic business, Atlantic appears to have backed-off of this proposal in favor of a more integrated approach ▶ Subject to the caveat that Tom Snead will be sole and exclusive CEO of the combined entity, Atlantic is open to discussion of an operational role for Bill Jews ▶ Atlantic has failed to respond specifically to the question of how and from where would the metro DC market be operated and has instead requested a meeting to discuss the issue ▶ Senior management team would be chosen jointly by Tom Snead and Bill Jews, however the Atlantic Board of Directors would hold the tie breaking vote if there were a failure to agree 	<ul style="list-style-type: none"> ▶ Pacific's organizational structure would be realigned geographically; Eastern Region would extend southward along the east coast at least from Delaware south through and including Georgia ▶ Chesapeake's CEO would be responsible for Pacific's Eastern Region and would report directly to Pacific's CEO

OCC 016297

SUMMARY OF MAJOR PROVISIONS (CONT'D)

	ATLANTIC	PACIFIC
Headquarters Location	<ul style="list-style-type: none"> ▶ Atlantic originally volunteered to relocate the corporate headquarters of the combined company to a third location in northern Virginia, Washington D.C. or Maryland, but later backed off the offer when pressed for clarification. It now appears that a true corporate headquarters in a third location may be an unrealistic goal ▶ It has been suggested that Bill Jews would work primarily out of an office at/or close to Chesapeake's existing Maryland operations ▶ Tom Snead would work throughout the relevant jurisdictions, but would retain his primary office in Richmond, Virginia 	<ul style="list-style-type: none"> ▶ Chesapeake's operating company corporate headquarters would not move

OCC 016298